



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: Administration Committee

DATE: February 4, 2015

FR: Executive Director

W. I. 1152

RE: Contract Amendment - Professional Auditing Services: PricewaterhouseCoopers, LLP (\$1,500,863)

This memorandum seeks Committee authorization of a contract amendment in the amount of \$1,500,863 with PricewaterhouseCoopers, LLP (PWC) for the FY 2014-15 audit and related services.

Background

In January 2011, following a competitive procurement, the Commission approved a four-year contract with two one-year options with PWC to perform comprehensive financial and compliance audit services starting with the fiscal year ending June 30, 2012. This will be the fourth year for PWC under the current contract. Proposed contract services will total \$1,500,863 for annual financial and internal control audit services and additional services associated with the Bay Area Headquarters Authority (BAHA), Association of Bay Area Governments (ABAG) Interagency Agreement, implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and advisory services.

Scope of work

Audit services include: the issuance of the Comprehensive Annual Financial Report (CAFR) for MTC, SAFE, BATA, BAIFA, BAHA and fiduciary funds; a separate audit report for BAIFA and BAHA; a federal single audit report in accordance with OMB Circular A-133; and a management letter to the audit committee.

In addition, PWC has been asked to perform additional review and assessment work associated with the following:

- ABAG cost and control review related to the annual MTC/ABAG Interagency Agreement (see attached email from ABAG President and MTC Commissioner Julie Pierce)
- RCSC System Upgrade –continued work and risk assessment of the Regional Customer Service Center (RCSC) system upgrade.
- Express Lanes – continued review of documents for the upcoming development of the Express Lane network.

Summary of Services

The following schedule provides a list of professional services provided by PWC since contract inception, as well as the services being requested this fiscal year.

Year	Audit Services	Risk Assessments	Description
1	\$740,516	--	FY 11-12 Annual Audit
2	\$792,885	--	FY 12-13 Annual Audit
3	\$809,520	\$300,000	FY 13-14 Annual Audit; Vector System Upgrade and RCSC Relocation Assessment (\$280,000); ATCAS II Report Review (\$20,000)
4	\$900,863	\$600,000	FY 14-15 Annual Audit (\$825,863), BAHA (\$25,000), and GASB 68 (\$50,000); MTC/ABAG Interagency Agreement expense review (\$300,000) and RCSC system upgrade (\$275,000) and Express Lane network document review (\$25,000)
Total	\$3,243,784	\$900,000	

Recommendation

Staff recommends that this Committee authorize the Executive Director or his designee to negotiate and enter into a contract amendment with PricewaterhouseCoopers, LLP in an amount not to exceed \$1,500,863 to provide audit and professional services as described above. Funds related to this request have been budgeted in the FY 2014-15 operating budget.



Steve Heminger

SH/BM

Steve Heminger

From: Julie Pierce <jpierce@ci.clayton.ca.us>
Sent: Wednesday, February 04, 2015 12:37 PM
To: Steve Heminger
Cc: Rapport Ezra; Paul Brad
Subject: Planning & Research funding audit

Dear Steve,

ABAG would like to request and looks forward to working with MTC staff to conduct a standard audit of the funds transferred from MTC to ABAG in support of our planning and research work.

As you know, any funds controlled by the Finance Authority for Nonprofit Corporations (FAN) are isolated in their own separate accounts to create a financial firewall between ABAG's many programs. As a result, Clark Howatt did not have access to any other ABAG accounts, including the funds MTC provided to us.

That said, under the current circumstances we welcome an audit that should help allay any lingering public concerns about how MTC's funds might have been spent.

Sincerely,

Julie Pierce
President, ABAG
C: 925-518-4446
Sent from my iPad

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Amendment

Work Item No.: 1152

Consultant: PricewaterhouseCoopers, LLP, San Francisco, CA

Work Project Title: Audit and Professional Services

Purpose of Project: To obtain services of an Independent Auditor

Brief Scope of Work: To perform a comprehensive fiscal and compliance audit of MTC, BATA, BAIFA, BAHA, and MTC SAFE for FY 2014-15 and perform additional review and assessment services. Auditor will render appropriate reports as required by the A-133 Single Audit and in accordance with the financial and compliance type described in the Government Auditing Standards, published by the Comptroller General of the United States.

Project Cost Not to Exceed: \$1,500,863 this amendment
Total contract value before this amendment = \$2,642,921
Total Authorized Contract amount with this amendment = \$4,143,784.

Funding Source: General Fund, BATA, SAFE, BAIFA, BAHA -Included in FY 2014-15 Operating Budget

Fiscal Impact: Project costs are included in the FY 2014-15 budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with PricewaterhouseCoopers, LLP for services as described above, and in the Executive Director's memorandum dated February 4, 2015; and that the Chief Financial Officer is directed to set aside funds in the amount of \$1,500,863 for such contract amendment.

Administration Committee:

Adrienne J. Tissier, Chair

Approved:

Date: February 11, 2015